

ADOPTED 2006 BUDGET

DEPT: STATE SHARED TAXES

UNIT NO. 1900-2201

FUND: General - 0001

OPERATING AUTHORITY & PURPOSE

Pursuant to Chapter 79 of the Wisconsin Statutes, the State apportions Shared Revenues to counties on the basis of population, equalized property values, the relative ranking of local purpose

revenues, and the value of utility property (at 3 mills times the equalized value for incorporated areas within the county).

BUDGET SUMMARY			
	2004 <u>Actual</u>	2005 <u>Budget</u>	2006 <u>Budget</u>
State Shared Taxes	\$ 37,158,573	\$ 37,130,288	\$ 37,098,572

STATISTICAL SUPPORTING DATA	2004 <u>Actual</u>	2005 <u>Budget</u>	2006 <u>Budget</u>
Base Payment	\$ 59,770,205	\$ 56,341,505	\$ 56,341,505
Prior Year Adjusting Entry	7,875	0	0
Utility Payment	910,492	890,083	858,367
County Mandate Relief	(3,428,699)	0	0
Subtotal State Shared Taxes	\$ 57,259,873	\$ 57,231,588	\$ 57,199,872
State Child Welfare Reallocation	(20,101,300)	(20,101,300)	(20,101,300)
Emergency Medical Services	(1,585,700)	(1,334,707)	(1,585,700)
Emergency Medical Services	1,585,700	1,334,707	1,585,700
Total State Shared Taxes	\$ 37,158,573	\$ 37,130,288	\$ 37,098,572

The State has modified the State Shared Revenue (State Shared Taxes) formula so that the previous year's base, plus the utility payment, determines the budgeted amount. The base amount is net of the per capita amount (explained later in this narrative). The budgeted amount for 2006 is \$37,098,572.

Utility Payment Component

The utility payment component compensates local governments for costs they incur in providing services to public utilities. These costs cannot be directly recouped through property taxation since utilities are exempt from local taxation and, instead, are taxed by the State.

Payments to cities and villages are computed at a rate of six mills (\$6 per \$1,000 of net book value), while payments to towns are computed at a rate of three mills. Payments to counties are computed at three mills if the property is located in a city or village or at six mills if the property is located in a town. The estimated utility payment component for 2006 is

\$858,367, which is \$31,716 less than the 2005 actual.

Per Capita Reduction

In addition to the modification to the formula, the State Budget Adjustment Bill, in compliance with 2001 Wisconsin Act 109 for the 2001-2002 State Biennial Budget, reduced State Shared Revenue by \$40 million on a per capita basis and allocated \$20 million each to municipalities and counties, which results in an estimated decrease of \$3,429,147 for Milwaukee County. The 2005 base for State Shared Revenue has been reduced from \$59,770,205 to \$56,341,505 to reflect the modified formula. In 2004, the reduction appears as a line item in the table above. The actual per capita reduction was \$3,428,699.

Supplemental Payment

It is anticipated that State Shared Revenue payments will be reduced by an amount equal to a new supplemental payment begun in November

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2003 to governments that provide emergency transportation service. The State Department of Health and Family Services has been directed to try and capture additional Federal Medical Assistance funding based on actual claims submitted by service providers in the previous fiscal year. A preliminary estimate, based on past experience, indicates that Milwaukee County's State Shared Revenue payment would be reduced by \$1,334,707 beginning in 2003, completely offset with a supplemental payment of \$1,334,707, for no net change in state aid. In 2004, Milwaukee County's State Shared Revenue payment was reduced by \$1,585,700, which was offset with by the supplemental payment for the same amount.

State Child Welfare Reallocation

Beginning in 1999, in accordance with Wisconsin State Statute 48.561(3), the Wisconsin Department of Administration reallocated \$20,101,300 in State Shared Revenue to the State's Child Welfare Program. These funds are to be used to defray State administrative costs for the program. Previously, this allocation was taken from Community Aids revenue in the Department of Human Services and DHS-Mental Health Division budgets.